

CMS | Romanian government offers companies up to EUR 500,000 to achieve energy efficiency



On 18 July 2022, Romania enacted Governmental Emergency Ordinance No. 112/2022 (GEO 112), which establishes, amongst others, a financial support scheme for large, medium and small companies aimed at stimulating investments in energy efficiency in Romania.

GEO 112 is designed to provide financial support for businesses in Romania to achieve energy efficiency (EE) by giving grants to companies for implementing energy-saving measures at their industrial and auxiliary buildings or through technological processes; and producing green energy for their own consumption (“EE Financial Scheme”). As part of this EE Financial Scheme, grants will have a minimum value of EUR 50,000 and a maximum value of EUR 500,000 with the exception of those awarded under the de minimis scheme where the maximum value will be EUR 200,000.

The overall budget allocated to the EE Financial Scheme is EUR 411,764,000 of which:

- EUR 350 million is non-reimbursable external funds allocated to Romania within the Framework of Large-Scale Infrastructure Operational Programme (LSIOP) and financial resources allocated through the Cohesion Fund; and
- EUR 61,764,000 is from the Romanian state budget allocated through the Ministry of Investments and European Projects.

Who can apply for EE Financial support?

According to GEO 112, the following entities can apply for funding under the EE Financial Scheme:

- Large companies with more than 250 employees and a net yearly turnover of more than EUR 43 million;
- Small and medium enterprises (SMEs) and microenterprises with the observance of EU Commission Regulation No. 651/2014 of 17 June 2014 declaring certain categories of aid compatible with the internal market in application of Articles 107 and 108 of the Treaty.

Additionally, the companies must carry out activities for production of goods or provision of services except for real estate investments, consultancy services, technical-assistance services and activities included in Annex No. 1 of Governmental Decision No. 780/2006 on establishing the greenhouse gas emissions trading scheme.

What does the EE Financial Scheme entail?

GEO 112 provides four large categories of investments that may be funded through the EE Financial Scheme:

1. investments for reducing energy consumption of buildings (except administrative buildings or buildings not used by the company for production or service activities) through works on the buildings' covering, roofing, cladding including consolidation works, the buildings' utility systems, and for the purchase of equipment, machinery and specific facilities needed to produce the energy required for the buildings;
2. investments in specific equipment, machinery and tools needed for generating energy from renewable sources (except biomass) for the consumption of companies that fall within the specific production capacity of the prosumer (i.e. as defined in Law No 123/2012 on Electricity and Natural Gas);
3. investments in energy efficiency measures at the level of cogeneration or trigeneration units, existing or new, including investments for modernisation, rehabilitation and the increase of already installed capacities from renewable sources intended for their own consumption, which falls within the specific production capacity of the prosumer;
4. investments to reduce energy consumption and greenhouse gas emissions through systems dedicated to modernising, monitoring and making energy consumption more efficient, which will necessarily include the installation of an energy management system (EMS) that provides overall metering of energy consumption at the company level, produces statistics on consumption, records and analyses centralised data, reports regularly on these data and makes energy consumption more efficient in real time. The purchase of specific equipment, machinery and tools that are part of the production and service process is possible if it is for the replacement of current equipment, machinery and tools with higher energy consumption and will lead to a reduction of energy consumption compared to the initial consumption.

How does it work?

The grants from the EE Financial Scheme will be awarded following a call for projects, and will observe the principles of transparency and competitiveness. Companies must submit a single application that may cover more than one industrial facility.

The applications must be submitted exclusively through the "IMM Recover" platform. The same platform will be used for evaluating and selecting the successful applicants for the funding of their projects.

Following the call for projects - within the limits of the EE Financial Scheme's budget - a funding contract will be concluded by the LSIOP Management Authority with the applicant that meets the selection criteria set out in Article 13 and in Annex No. 1 to GEO 112.

To be eligible for funding, the applicant companies must also meet a range of criteria listed in Article 11 of GEO such as:

- they should have been incorporated prior to 31 Dec 2021;
- they should not have received financial support from public funds, including European Union funds, in the last five years for the same eligible costs;
- they must submit an energy consumption analysis, carried out by an independent and authorised expert,

containing initial and projected specific energy parameters that represent minimum targets to be met by the beneficiaries at the end of the project-implementation period and to be maintained thereafter;

□ they must ensure the sustainability of the investment project (i.e. maintaining the specific energy parameters to which each company committed) for a period of at least five years after the expiry of the project implementation period; etc.

The beneficiaries of the funding must finish their investment projects and achieve the assumed energy parameters by 31 December 2023. If the beneficiaries do not achieve the specific energy parameters assumed through their funding application, they will be liable to repay the amounts received, plus applicable interest.

For more information on GEO 112 and the Romanian energy sector, contact your CMS client partner or local CMS experts: Anna Morogai.